NATIONAL DAIRY MARKET NEWS AT A GLANCE

CME GROUP CASH MARKETS (11/9):
BUTTER: Grade AA closed at $1.8900. The weekly average for Grade AA is $1.8830 (-.0080).
CHEESE: Barrels closed at $1.8350 and 40# blocks at $1.9200. The weekly average for barrels is $1.9610 (-.0700) and blocks, $2.0240 (-.0860).

BUTTER HIGHLIGHTS: The CME cash butter price eased during the first half of the week, but firmed by week's end to $1.8900. Churning schedules are quite active across the country as cream volumes are available for butter producer needs. In many instances, butter producers report that cream volumes are often heavier than they are willing to take on. Many butter makers are closely monitoring their supply/demand balance with many working down inventories rather than enhancing them. Butter demand has been very good going into the upcoming Thanksgiving holiday period with many promotional activities scheduled. Some last minute butter orders continue to be placed, but for the most part, Thanksgiving needs are in the books and final shipments are occurring. Butter buyers are now looking beyond Thanksgiving. Good orders are already on the books and producers and handlers are speculating that orders will continue for the foreseeable future. The period between Thanksgiving and the yearend is a period where good butter demand is typically spread out over a longer period of time versus prior to the Thanksgiving holiday, thus butter orders and shipments are projected to be very active during the next 4 - 6 weeks. Retail promotional activities are scheduled in many parts of the country during this period at varying times.

CHEESE HIGHLIGHTS: Cheese prices at the CME Group cash trade went below the $2.00 level this week. Prices at midweek were dramatically lower as barrels were $.1650 lower and blocks were $.1200 lower on Wednesday. Friday's close at the CME Group was also lower as barrels were $.0750 lower and blocks were $.0700 lower. The market was not unprepared for the price change, but buyers were hesitant to purchase above immediate needs. Weather issues on the East Coast from Hurricane Sandy and the Northeaster snow storm have complicated deliveries and orders from that region. Retail sales across the rest of the country remain good, while manufacturing cheese sales have slowed at current price levels. Cheese production is uneven to mostly steady with plants watching inventory levels to remain current. The September *Dairy Products* report from USDA, showed total cheese production 0.3% above year ago levels, but 1.9% below last month. Export demand is light as domestic prices are above international prices. The weekly average price for barrels at the CME Group was $1.9610, down $.0700 from the previous week. The weekly average for blocks was $2.0240, down $.0860.

FLUID MILK: Conditions were improving in the Northeast, but a Nor'easter storm invaded the region. The storm brought high winds and snow across wide areas and was creating havoc to the electrical grid. Assessments are being made to warehouses and finished product viability following sustained power outages in the aftermath of the initial storm. Class I demand was strong following the storm, tightening milk supplies available to manufacturers. Mild weather in Florida and the Southeast is creating a good environment for milk output increases in the state. Milk production is steady to slightly higher in the Southwest, continuing the trend of recent weeks in California, Arizona, and New Mexico. Cool and seasonal conditions in the Pacific Northwest are helping maintain level milk supplies. Milk output is steady in Utah and Idaho.

DRY PRODUCTS: Nonfat dry milk prices are steady to slightly higher in the West where the market tone was "lackluster", but are moderately higher in the Central/East regions where demand improved for the current limited offerings. Drying schedules are steady with recent weeks with capacity not an issue. Processors' holdings are light to moderate. Dry buttermilk prices are steady to higher in a light test. Spot offerings are limited. Production is active and matching changes in butter output. Dry whey market prices are trending higher. Demand is fair to good and active interest is increasing for 2013 contracting. WPC 34% market price trends are steady to slightly higher. Spot offerings are indicated to be tapering off from recent weeks. Production levels are fully steady. Lactose prices are mostly steady to occasionally slightly lower. The market undertone is mixed with price differences reflective of variations of mesh size and brand. Supplies are generally committed with little available on the spot market.

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*****SPECIALS THIS ISSUE*****

CME GROUP CASH TRADING

COMMODITY	MONDAY NOV 05	TUESDAY NOV 06	WEDNESDAY NOV 07	THURSDAY NOV 08	FRIDAY NOV 09	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$2.0750 (-.0050)	$2.0750 (N.C.)	$1.9100 (-.1650)	$1.9100 (N.C.)	$1.8350 (-.0750)	(-.2450)	$1.9610 (-.0700)
40# BLOCKS	$2.1100 (N.C.)	$2.1100 (N.C.)	$1.9900 (-.1200)	$1.9900 (N.C.)	$1.9200 (-.0700)	(-.1900)	$2.0240 (-.0860)
NONFAT DRY MILK							
EXTRA GRADE	$1.5600 (N.C.)	$1.5600 (N.C.)	$1.5600 (N.C.)	$1.5600 (N.C.)	$1.5600 (N.C.)	(N.C.)	$1.5600 (N.C.)
GRADE A	$1.5700 (N.C.)	$1.5700 (N.C.)	$1.5700 (N.C.)	$1.5750 (+.0050)	$1.5750 (N.C.)	(+.0050)	$1.5720 (+.0100)
BUTTER							
GRADE AA	$1.8850 (-.0025)	$1.8800 (-.0050)	$1.8700 (-.0100)	$1.8900 (+.0200)	$1.8900 (N.C.)	(+.0025)	$1.8830 (-.0080)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.
Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

NATIONAL DAIRY MARKET NEWS AT A GLANCE

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INTERNATIONAL DAIRY MARKET NEWS (DMN): The milk production season is holding at high seasonal levels in both New Zealand and Australia. **New Zealand** milk producers and handlers are indicating that the peak was probably two weeks ago, with overall volumes trending slightly lower, but generally maintaining a high level. Many milk handlers are speculating that the peak was slightly higher than last year. Weather conditions on both the North and South Islands are conducive to positive milk output trends, but many producers continue to be concerned about a potential El Nino weather pattern later this season. This trend could greatly impact current positive trends. Producers had a very positive season last year and thus far this year, but dry/lack of moisture conditions would quickly turn things around. At this point though, milk handlers remain very optimistic about the upcoming season and continue to anticipate a 3 - 4% growth pattern over 2 years ago which would be a few percentage points lower than the very positive season last year. In **Australia**, the milk production season is basically at peak levels with some Victoria regions recording very positive growth while other regions continue to struggle with excessive moisture. Northern Victoria continues to lead the way with output running nearly 8% ahead of last year at this time, while the Gippsland region experienced a 4.4% September decline when compared to a year ago with cumulative volumes running 2% behind last year. Peak milk output in Australia is comparable with last year, but overall, milk volumes are running 2% stronger than last year at this time. Manufacturing facilities in both New Zealand and Australia are at or very near capacity levels with milk processors and handlers indicating that with some shifting, milk volumes are being processed in a timely and orderly manner. Stocks of manufactured dairy products are readily available for contractual needs and some uncommitted volumes at this peak time of the season are being reported. Average prices at the latest g/DT auction on November 6 were generally higher with the exception of whole milk powder. Although the whole milk powder price average declined from the previous event, various contracting period averages are all within current commercial price ranges. New Zealand sourced whole milk powder was offered for contract #1 for the first time. Many feel that this offer was due to the fact that the Oceania region is at peak production, thus whole milk powder volumes are available. The next event, #80 will be held on Tuesday, November 20.

Milk production in **Western Europe** continues to decline, but for the most part, milk output is at the bottom of the seasonal cycle. Milk handlers are stating that milk supplies are snug and dairy product manufacturers are gearing their production schedules to the limited supply of milk. In most instances, liquid milk is the most active product at this time with minimal drying occurring. Drinking milk is absorbing a significant portion of available milk supplies with the balance clearing to other needs in a liquid or condensed form. Cream volumes are tight and actively being sought for fresh product needs. Much of this need is for upcoming holiday cream based products. Overall supplies of manufactured dairy products in Europe are tightening. Traders and handlers are indicating that often firm prices are limiting international sales activity, with most sales centered around an internal or domestic market. Prices are mixed, but a weaker Euro against the U.S. dollar is easing some prices. PSA butter continues to re-enter the marketplace. Since mid-August, nearly half (about 65,000 MT) of PSA butter has been removed from the program. This leaves about 70,000 MT in the program as of late October. Traders and handlers feel that about 5% per week re-enters the marketplace. Disposition of these volumes has generally been predetermined thus the impact to current markets is minimally felt. Many are stating that at least with these volumes returning to the marketplace, limited supplies of fresh or other storage butter is not being sought to fill needs, which would further tighten butter supplies. Milk production in **Eastern Europe** is also basically at or very near low seasonal levels. Cooler weather patterns are being reported in more regions, thus the milking herd is now basically sheltered in winter housing. Feed stocks are available, although quality will often be a negative factor in winter feeding rations. Traders and handlers are indicating that manufactured dairy product stocks in Eastern Europe are tightening and often filling internal or domestic needs only. Sales activities are slowing, especially from international buyers.

SEPTEMBER MILK SALES (AMS, FMMO): During September, 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 5.2% lower than September 2011. After adjusting for calendar composition, sales in September 2012 were 1.5% lower than September 2011. Estimated sales of total conventional fluid milk products decreased 5.2% from September 2011 and estimated sales of total organic fluid milk products decreased 4.5% from a year earlier.

CME GROUP

MONDAY, NOVEMBER 5, 2012
CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ $2.0750
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: 2 CARS GRADE AA: 1 @ $1.8800, 1 @ $1.8850; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $1.8850

TUESDAY, NOVEMBER 6, 2012
CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ $2.0750
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: 8 CARS GRADE AA: 1 @ $1.8700, 3 @ $1.8650, 1 @ $1.8750, 1 @ $1.8850, 1 @ $1.8700, 1 @ $1.8800; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $1.8850

WEDNESDAY, NOVEMBER 7, 2012
CHEESE -- SALES: 3 CARS BARRELS: 2 @ $1.9000, 1 @ $1.9100; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ $1.9900
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $1.8700

THURSDAY, NOVEMBER 8, 2012
CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ $1.9900
NONFAT DRY MILK -- SALES: 2 CARS GRADE A @ $1.5750; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ $1.5800
BUTTER -- SALES: 1 CAR GRADE AA @ $1.8800; LAST BID UNFILLED: 1 CAR GRADE AA @ $1.8900; LAST OFFER UNCOVERED: NONE

FRIDAY, NOVEMBER 9, 2012
CHEESE -- SALES: 13 CARS BARRELS: 1 @ $1.9325, 1 @ $1.9350, 1 @ $1.8850, 5 @ $1.8450, 5 @ $1.8350; 8 CARS 40# BLOCKS: 1 @ $1.9900, 2 @ $1.9875, 5 @ $1.9200; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 5 CARS 40# BLOCKS @ $1.9300
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ $1.8900

BUTTER MARKETS

NORTHEAST

The butter price on the CME Group declined $0.0050 Tuesday and closed at $1.8800. The butter price has declined in each of the last 4 trading sessions, registering a net loss of $0.0175 with 20 loads transacted. Churns are operating on increased schedules as cream continues to be readily available. Standardized cream volumes are significant as Class I demand is very strong in the wake of last week's storm. Cream stored in tankers and silos at various facilities during the storm is also adding to cream supplies. Demand for butter remains good as holiday orders continue to be strong with most inventories being worked lower. The amount of butter that may have been lost due to damaged warehouses has yet to be fully assessed. Export loads may be delayed out of New York as port operations recover from the disaster. Current bulk butter prices range from 4-8 cents over the market based on the CME Group with various time frames and averages used. According to NASS, cumulative 2012 butter production through September was 3.7% above cumulative year production for the same period for 2011. September's monthly U.S. butter production totaled 136.4 million pounds, up 5.3% from August, but 1.1% less compared to September 2011. Atlantic region butter production in September totaled 8.9 million pounds, up 18.5% from August, but 32.2% lower than September 2011. The year over year production decline in the Atlantic region was the only decline for any region in the nation.

CENTRAL

During the past week, the CME cash AA butter price declined daily to settle at $1.8700 at midweek. Producers and handlers feel that this weak trend will continue for the foreseeable future as yearend butter orders continue and are finalized. Churning schedules are seasonally active with many butter producers churning regular sourced cream volumes and not aggressively seeking additional volumes. Some butter producers are indicating that they are being offered cream volumes and are often not taking advantage of the offerings unless attractively priced. Central cream pricing multiples are in the mid to upper 120's. Currently, most Thanksgiving orders are in the final stages of delivery, but some last minute orders continue to be placed. Most buyers are now looking beyond Thanksgiving. Many buyers are stating that butter sales during the period between Thanksgiving and the end of the year will be spread out over the entire time period and are not as limited as to just prior to Thanksgiving. Retail buyers are indicating that butter promotional activity during the post Thanksgiving period will be quite active for most. Already, some butter promotions had butter priced at $.9900 per pound based on additional store incentives. Food service orders have been and remain at good levels. Many food service buyers project a good demand period during the next 6 - 7 weeks as the traffic flow through restaurants builds. Bulk butter prices range from flat to 3 cents over various pricing bases and averages per pound.

WEST

Western butter markets closed last week with a weak undertone that has continued to be evident this week. Although buyers are looking for the market to weaken, they continue to purchase on an as needed basis for holiday orders. Butter manufacturers report steady sales demand for immediate delivery. Churns are operating to fill demand while being careful to keep inventories down. Cream supplies are at expected levels with some outside sales being made for specialty holiday products. Wednesday's close on the CME Group exchange for butter is $.0100 lower to close at $1.8700. Butter prices at the CME Group have been lower for the past five trading sessions. The price decline was not unexpected, but demand remains good as holiday buying continues. Sales at the CME Group have been moderate for the week with 10 loads changing hands by midweek. Prices for bulk butter range from 2 cents under to 4 1/2 cents under the market, based on the CME with various time frames and averages used. CME Group average price for October 2012 for butter is $1.9086 compared to $1.8295 for October 2011. According to the NASS *Dairy Products* report, September butter production for the U.S. totals 136.4 million pounds, down 1.1% or 1.5 million pounds from September of last year. Cumulative output through September for the U.S. is 1,395.8 million pounds, up 3.7% or 50.3 million pounds from the same period in 2011. September output in the Western region totals 71.3 million pounds, up 0.3% or 0.3 million pounds more than September of 2011. The West produced 52.3% of the butter in the U.S. in September.

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
November 3, 2012					
	1.9019	2.0648	2.0446	0.6389	1.4916
	2,691,146	12,165,856	9,362,228	5,900,951	12,205,016

Further data and revisions may be found on the internet at: http://www.ams.usda.gov/AMSv1.0/DairyProductMandatoryReporting

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group were unchanged Tuesday with barrels closing at $2.0750 and blocks at $2.1100. In the last 5 trading sessions barrel prices have dropped to $2.0000, then rebounded to $2.0800 on Friday, then marginally declined Monday to $2.0750. In contrast to the price fluctuations of barrels, blocks have held steady at the $2.1100 level for the last 5 sessions. Strong Class I demand has tightened milk supplies going to cheese plants with cheese production slightly below week ago levels. Most cheese makers are attempting to match production with orders, not wanting to expand inventories at the current cheese price levels on the CME Group. The effects of Hurricane Sandy on consumer demand for cheese and other dairy products are still being felt. Some areas have yet to see a return of electrical power and in those areas demand for refrigerated dairy products has all but been eliminated. The area severely damaged by the storm is geographically small, but the area is densely populated. Cheese being exported may be delayed as the port of New York is still recovering from the storm and is allowing only limited departures. According to the latest NASS report, total cheese production for September in New York was 61.5 million pounds, 2.1% less than August and 4.5% less than September, 2011. Pennsylvania produced 30.8 million pounds in September, 6.8% less than one month earlier and 5.4% less than one year ago. Vermont produced 10.1 million pounds, 8.7% less than last month and 3.1% less than September 2011. The total of all cheese production for September in the Atlantic region was 111.4 million pounds, down 4.7% from August and 4.2% less compared to the same period last year. Atlantic region cheese production accounted for 12.8% of total U.S. production. Total U.S. cheese production in September totaled 870.6 million pounds, 1.9% less than August, but 0.3% more than September 2011. Cumulative 2012 U.S. Cheese production through September was 2.5% greater than comparable 2011 production. Focusing on Italian cheese, New York production in September totaled 30.9 million pounds, 6.9% more than August and 3.9% more than September 2011. Pennsylvania produced 17.8 million pounds in September, 3.0% less than August and 4.0% less than September 2011. The Atlantic region in September, produced 55.9 million pounds of Italian cheese, 1.0 more than August and 1.2% more than the same period last year.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 40# Block	:	2.5125-2.7975
Process 5# Sliced	:	2.2475-2.3675
Muenster	:	2.5325-2.8925
Grade A Swiss Cuts 10 - 14#	:	3.6300-3.9525

MIDWEST

Cheese prices registered steep declines on the CME Group Wednesday with barrels declining $0.1650 to close at $1.9100 and blocks declining $0.1200 to close at $1.9900. Milk supplies going into cheese plants are mostly in balance with their production schedules. Overall cheese production for the region is steady with some plants slightly increasing and others slightly decreasing production. A co-op announced the closing of one its cheese plants by year's end and will adjust the excess milk supply to its other plants. Inventories are steady with the exception of mozzarella which is viewed as tight. Most cheese makers in the region were hesitant to build inventories at the previous CME Group price levels, but this may change if the current prices hold or decline further. Demand for cheese is mixed with lagging export sales, but domestic demand remains fairly strong. The fairly good domestic demand is tenuous, because last week's storm in the Northeast has disrupted food sales in general over a large portion of the densely populated Eastern region and may decrease cheese demand. The USDA's Kansas City Commodity office recently announced contract awards for purchasing a maximum of 74.8 million pounds of natural American cheese for 2013. After last week's release time, Cooperatives Working Together (CWT) announced accepting requests for export assistance to sell 4.295 million pounds (1,948 metric tons) of Cheddar, Gouda and Monterey Jack cheese to customers in Asia, the Middle East, North Africa and South America. The product will be delivered October 2012 through April 2013. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 106.3 million pounds. Last Thursday Dairy Products reported that for September, total cheese output was 871 million pounds, 0.3% above September 2011 but 1.9% below August 2012. Cumulative year to date total cheese production through September, 8.1 billion pounds, is up 2.5% compared with the first nine months of last year. Also, for January through September cumulatively this year, compared with the same months last year, total American Cheese production, 3.2 billion pounds, is up 2.1%; Cheddar Cheese production, 2.3 billion pounds is up 0.7%; total Italian Cheese production, 3.4 billion pounds, is up 1.6%; Mozzarella production, 2.7 billion pounds, is up 1.6%; and Other Italian Cheese types, 52.7 million pounds, is up 7.8%.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	2.2200-2.9250
Brick And/Or Muenster 5#	:	2.5000-3.0600
Cheddar 40# Block	:	2.5000-3.4850
Monterey Jack 10#	:	2.4700-3.4850
Blue 5#	:	2.7650-3.7500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.3450-3.5850
Grade A Swiss Cuts 6 - 9#	:	3.1500-3.2675

WEST

Western cheese prices were firmer to close last week's trading. Buyers and sellers are cautious about prices remaining at current levels. Western milk supplies are below previously expected levels. Cheese plants are watching inventories and are reluctant to build supplies with any purchased milk above contracted needs. Demand at the retail level has been good. Manufacturing cheese demand has slowed for additional orders. There have been some interruptions from the fallout of Hurricane Sandy on the East Coast with delays in deliveries. Cheese prices at the CME Group were dramatically lower on Wednesday. Barrels closed down $.1650 to close at $1.9100. Blocks are $.1200 lower to close at $1.9900. The last time that both blocks and barrels were under the $2.0000 level was September 19th. There were sales of three barrels on Wednesday with no sales on blocks for the week so far. According to the

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CHEESE MARKETS

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NASS *Dairy Products* report, total cheese production in the U.S. in September reached 870.6 million pounds, up 0.3% or 2.5 million pounds from last year. Cumulative total cheese output for the U.S. through September is 8.1 billion pounds, up 2.5% or 195.2 million pounds from 2011. September total cheese production in the Western region was 366.5 million pounds, down 0.2% or 0.9 million pounds from September 2011. The West produced 42.1% of all the cheese in the U.S. in September. Swiss output for the U.S. in September is 25.4 million pounds, down 7.3% or 2.0 million pounds from last year. The CME Group monthly average price for October 2012 for barrels is $2.0240 compared to October 2011 at $1.7192. Blocks averaged $2.0757 for October 2012 compared to $1.7231 for last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	2.1550-2.4125
Cheddar 40# Block	2.2350-2.5875
Cheddar 10# Cuts	2.4150-2.6350
Monterey Jack 10#	2.4250-2.5850
Grade A Swiss Cuts 6 - 9#	3.2075-3.6375

FOREIGN

An increase in the CME weekly average block price raised domestic wholesale foreign type cheese prices by $0.0450 this week. Price increases over the last two weeks have more than recovered the $0.0750 decline suffered three weeks ago. In response to the Class III price release Wednesday, Swiss cut prices increased $0.1450. Imported variety cheese prices were unchanged. The effects of Hurricane Sandy to the import cheese trade have yet to be fully determined. Most imported cheese from Europe moves through the port of New York. The damage suffered by the port, incoming containers, wholesale warehouses, retail inventories, trucking lines and transportation grids continues to be assessed and it may be many weeks until operations return to normal. Some warehouses were flooded, while others lost power for days and had no backup power. The amount of product lost to contamination or spoilage is also undetermined at this time. Consumer demand will also be affected, but to what degree is still unknown. According to the latest NASS report, domestic Parmesan production during September totaled 21.4 million pounds, 8.8% less than August and 2.9% less than September 2011. Provolone production during September totaled 28.5 million pounds, 10.6% less than August and 4.4% less than September 2011. Romano production during September totaled 3.7 million pounds, 4.0% more than August and 8.1% more than September 2011. Swiss production during September totaled 25.4 million pounds, 1.4% less than August and 7.3% less than September 2011.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Blue	2.6400-5.2200	2.6525-4.1400*
Gorgonzola	3.6900-6.1900	3.1550-3.6100*
Parmesan (Italy)	-0-	4.0425-6.1325*
Provolone (Italy)	3.4400-5.5800	2.6950-2.8525*
Romano (Cows Milk)	-0-	3.8425-5.9925*
Sardo Romano (Argentine)	2.8500-3.9800	-0-
Reggianito (Argentine)	3.2900-4.2900	-0-
Jarlsberg-(Brand)	2.9500-5.2900	-0-
Swiss Cuts Switzerland	-0-	3.7275-4.0500*
Swiss Cuts Finnish	2.5900-2.8500	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
11/05/12	9,226	120,969
11/01/12	10,598	119,313
CHANGE	-1,372	1,656
% CHANGE	-13	1

FLUID MILK AND CREAM

EAST

SPOT SHIPMENTS OF GRADE A MILK INTO OR OUT OF FLORIDA & SOUTHEASTERN STATES

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	0	39	0	81	0
SOUTHEAST STATES	0	0	0	0	0	0

Class I demand is very strong in the wake of Hurricane Sandy and has tightened manufacturing milk supplies in the Northeast and Mid - Atlantic regions. Most dairy manufacturers in the storm affected areas have resumed operations. Some milk producers in New Jersey were forced to dump milk due to power outages and/or transportation problems. Numerous warehouses lost dairy products, both dry and refrigerated, due to flooding and/or power outages. The extent of inventory losses at the retail or wholesale level has yet to be fully determined. Some manufacturers are having logistic problems acquiring ingredients for various dairy products, which may interrupt production schedules. Many truck lines also received damage to their fleet, limiting service, not to mention fuel shortages, which may also cause delivery delays. There also remains a major question as to how much demand has been affected as a result of the storm. Harvest and field work activities were brought to a standstill in both regions last week. Milk production in Florida has significantly increased as mild weather continues, improving cow comfort levels. Some co-ops have encouraged their producers to increase herd size with limited success. High feed and replacement heifer costs are factoring into producers' decisions not to expand their herds at this time. Class I demand declined this week, but is expected to increase next week ahead of the Thanksgiving holiday. This week saw no spot shipments of milk imported into Florida, the first time in 12 weeks that imports were not needed. Compared to last year, the need for import loads ended 7 weeks earlier. Milk production in the Southeast region has also picked up significantly this past week. Supplies are basically in balance with demand with most auxiliary manufacturers being held to their contract minimums. Loads rejected due to high aflatoxin remain a problem, resulting in loads being dumped. Cream supplies are readily available with good volumes of standardized cream coming from Class I plants as they attempt to refill the pipeline in storm affected areas. Some additional volumes are coming from trucks and silos that stored cream during the storm. Demand for cream is improving as many cream based product manufacturers have resumed production in the Mid-Atlantic region. Production of cream based products such as cream cheese, whipping cream and egg nog have increased as the holidays approach. The increased demand moved multiples higher on the low end of the range this week with multiples from 122-133. Condensed skim milk supplies were limited this week due to the strong Class I demand. Demand for condensed skim improved as plants closed for portions of last week, due to the storm, came back online. As a result of last Wednesday's Class III price release, the Class III nonfat solids price increased by over 18 cents. The increase in the nonfat solids price has resulted in a significant increase in price for Class III spot loads of condensed skim milk. According to NASS, ice Cream production in the Atlantic region for September totaled 13.3 million gallons, 16.9% less than August and 3.4% less than September 2011. U.S. Yogurt production (plain and flavored) for September totaled 399.1 million pounds, up 2.3% from August and 4.4% more than for the same period last year. Cumulative 2012 production through September totaled 3,402.3 million pounds, 3.7% higher than through September 2011.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, DOLLARS PER LB. BUTTERFAT:

F.O.B. producing plants: Northeast -	2.3070-2.5150
F.O.B. producing plants: Upper Midwest -	2.3638-2.4205

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,
F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.41 - 1.45
Northeast - Class III - spot prices -	1.71 - 1.75

MIDWEST

Farm milk production and intakes are variable in the Central region. Some marketers note that as dairy producers introduce 2012 silage into rations, milk production is decreasing somewhat. Also, auctions continue to cull more animals and redistribute animals interregionally. Spot milk marketing is light within the region. Most plants are working with intakes from regular suppliers and not seeking outside milk. Prices for spot loads of milk within the region are unchanged, garnering in the neighborhood of $1.50 or more. Sales into the fluid market are unchanged for this week. The expected tightening in the cream market has yet to materialize, according to a few cream buyers. Some Central churn operators reported cream from the East is still clearing into Central butter/ powder operations at multiples that are unchanged from last week. They relate the cream availability to decreased ice cream making and increased yogurt making in that region. Also, there is a need to find processing capacity outside the East, sending cream loads into the Central region. Condensed skim sales are steady to lower. A few cheese manufacturers indicate the price on NDM currently offers some advantage over use of condensed skim for vat fortification. Three dairy marketing cooperatives in the Central region announced tentative plans to explore the option of combining into one cooperative, although the proposal has yet to be voted on by cooperative members.

WEST

CALIFORNIA milk production is steady to trending slightly higher in the major milk producing areas of the state. Weather conditions are typically good to ideal for milk cows. Plant intakes are along expectations. There are some concerns noted about the declining cheese market price and upcoming product mix needs. Milk pricing in the state is in the news as the CDFA received a petition to reconsider changes to the Class 4b pricing. Recent milk prices have moved higher as a result of higher dairy product prices. This is helping to offset recent months of loses. Cost of production remains high. ARIZONA milk output is moving higher on a weekly upwards trend, helped along by very good conditions for making milk. Processing schedules are building at the plant level. Class I demand is fair to good, with good retail features noted. The CREAM market is seeing uneven demand across market segments. Supplies and offerings are on the moderate side and generally are in excess of buyers' needs at this point. Demand is better for Class II/2 products as producers keep ahead of orders for the upcoming holiday needs of their customers. Excess cream is still moving to the butter churns and printers are actively making print butter. Demand for prints is good and generally along expectations. The CME Group, Grade AA butter price closed at $1.8700 on

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FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

Wednesday, November 7, down 2.75 cents from a week ago. Cream multiples are under some pressure and are down slightly at the top end of the 115 to 123 range, and vary depending on basing points and averages. Cool, seasonal weather in the PACIFIC NORTHWEST is helping to maintain milk production levels. The weather is favorable for dairy cows and milk production. Milk levels are at expected amounts and supplies are being moved within the region to maximize returns. Scheduled maintenance projects are continuing as milk supplies are below most plant capacities. Fall harvesting is completed in most of the region. UTAH and IDAHO temperatures are varying from unseasonally warm to typical cooler weather for this time of year. Milk production levels are mostly steady. Recent increases in farm milk prices have caused some slight increases in available supplies of milk as dairies react to better margins. Manufacturing plants are able to process current supplies and find time for maintenance projects.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Central and East nonfat dry milk prices are mostly higher on a moderately firming market. Various brokers and traders remarked that spot loads were tougher to find from Central manufacturers this week, and competition for loads was increasing. Sales into cheese manufacturing facilities reportedly accounted for some of the recent sales, as NDM currently offers some price advantages over condensed skim for vat fortification. NDM production in the Central region is steady, well below capacity, and pinned to manufacturing milk availability. NDM inventories are comfortable. The October 2012 Dairy Market News average of the mostly price series for Central and East nonfat dry milk, low/ medium heat, was $1.5411 compared to $1.5339 one month ago and $1.4893 in October 2011. The October 2012 Dairy Market News average of the range price series for Central and East nonfat dry milk, high heat, was $1.6355 compared to $1.6818 one month ago and $1.5960 in October 2011. According to NASS, NDM production in the Central region totaled 14.4 million pounds during September 2012, 28.2% less than one month ago, but 70.6% more than one year ago. Cumulative nonfat dry milk production for 2012 in the Central region totals 193.0 million pounds, 63.3% higher compared to 2011 production during the same time span.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of human food NONFAT DRY MILK during September 2012 totaled 84.4 million pounds, down 20.5% from August 2012 production and 18.7% lower than September 2011. Cumulative nonfat dry milk production for 2012 totals 1,412.4 million pounds, 23.5% higher than 2011 production during the same time span. Month ending stocks, at 118.3 million pounds, are 12.1% more than a month ago but 21.5% lower than one year ago. September 2012 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 43.6 million pounds, 8.2% more than one month ago and 22.6% more than one year ago. Cumulative 2012 skim milk powder production totals 247.2 million pounds, a 24.6% decrease in production compared to production during the same time span in 2011.

EAST: Prices for nonfat dry milk increased as prices on both ends of the range moved higher. Another storm hit the Northeast region Wednesday, further complicating recovery/relief efforts, slowing transportation and disrupting dairy manufacturing schedules. Class I demand is strong and is limiting manufacturing milk supplies and thus production of nonfat dry milk has declined. The recent release of Class III prices saw the nonfat solids price increase by more than 18 cents, significantly increasing spot sale prices for condensed skim for Class III utilization. The increase has prompted cheese makers to consider purchases of nonfat dry milk in lieu of condensed skim due to the price advantage. Demand has increased from baking manufacturers, ahead of the upcoming holiday. Most supplies are moving through contracts, but there has been some increase in spot sales. Inventories are fairly tight as production has been limited for a number of weeks. The market undertone is firm.

DAIRY PRODUCTS: The latest NASS Dairy Products report indicates nonfat dry milk production for September in the Atlantic region totaled 4.2 million pounds, 4.9% of the nation's total. The Atlantic region production was 31.8% less than one year ago, 44.2% less than the previous month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	1.5100 - 1.5800	MOSTLY:	1.5200 - 1.5700
HIGH HEAT:			1.6050 - 1.6325

NONFAT DRY MILK - WEST

Pricing for low/medium heat nonfat dry milk in the West is steady to 1 cent higher on the bottom ends of both the range and mostly series. The market undertone is mostly steady. Trade sentiment defined the market tone as "lackluster" with limited interest for limited offerings. Resale markets were equally quiet. Increasing prices are noted for the national and state pricing indices and this momentum is increasing the bottom of the reported range and narrowing the range. Pricing levels at the top of the range are unchanged with the trade at very limited levels. Export pricing is fully steady. Production schedules were mostly steady and reflect the milk supply. Plants are in good shape and processors expect no issues for the upcoming Thanksgiving holiday period. Current producer stocks of NDM are light to moderate and in good shape to service accounts. High heat pricing is slightly higher on the bottom of the range, reflecting index based changes. The market is in good balance. Offerings remain light outside of contracted commitments. Production is mostly geared towards servicing those needs. Spot demand remains light.

DAIRY PRODUCTS: U.S. NDM production in September 2012 totaled 84.4 million pounds, 18.7% less than last year. YTD cumulative NDM output through September totals 1.41 billion pounds, up 23.5% or 269.1 million pounds from a year earlier. NDM production in the West region in September totaled 65.8 million pounds, down 26.3% from last year. The West produced 78% of the U.S. total in September. U.S. manufacturers' stocks of NDM at the end of September were 118.3 million pounds, 21.5% lower than a year earlier but 12.1% more than August 2012. U.S. skim milk powder (SMP) production in September totaled 43.6 million pounds, 22.6% more than last year and 8.2% more than August. YTD cumulative SMP output through September totals 247.2 million pounds, down 24.6% or 80.7 million pounds from a year earlier.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	1.4700 - 1.5500	MOSTLY:	1.4900 - 1.5200
HIGH HEAT:			1.5100 - 1.6100

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices in the Central region moved higher. The market tone is firmer. Market participants note that F.O.B. spot loads of dry buttermilk are tight in the Central region. Inventories are generally comfortable for manufacturers, thus they can hold loads with confidence in the near term. Cream availability for butter and dry buttermilk production is steady at some locations, but lower at others as demand from various Class II holiday items increases seasonally. The October 2012 Dairy Market News average of the range price series for Central and East dry buttermilk was $1.5532 compared to $1.4032 one month ago and $1.3848 in October 2011.

DAIRY PRODUCTS: NASS *Dairy Products* reports production of dry buttermilk during September 2012 totaled 6.7 million pounds, 0.9% less than one month ago and 7.6% less than production one year ago. Cumulative 2012 dry buttermilk production totals 80.3 million pounds, 9.1% more than during the same time span of 2011. Month ending stocks of dry buttermilk, at 7.4 million pounds, are 6.6% lower than one month ago and 42.3% lower than one year ago.

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NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

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EAST: Dry buttermilk prices moved higher for the third consecutive week, supported by spot sales and sales based on various price indices. Readily available cream supplies increased volumes going to churns and as a result dry buttermilk production increased. Most supplies in the Eastern region are moving through contracts with limited spot and resale activity. Available supplies of dry buttermilk continue to be tight. Demand has increased as various dairy product manufacturers in the East are coming back to full production following the recent storm. Another storm has hit the Northeast causing additional power outages. The impact to dairy product demand following the storms has yet to be fully determined. Damage to the Eastern transportation grid may also affect product deliveries. The market undertone remains firm.

F.O.B. CENTRAL/EAST: 1.5900 - 1.6400

DRY BUTTERMILK - WEST

Prices are mostly steady for Western dry buttermilk with some slight adjustments noted on the top end of the range. The market undertone is fully steady. Buyer interest is mostly light and matched with limited offerings. Product is moving along contracted levels. Production remains active as the butter churning action is cranking out buttermilk solids. There are indications there could be additional availability as more condensed buttermilk supplies become available. Stocks are generally light to moderate.

DAIRY PRODUCTS: Buttermilk powder production in September 2012 for the U.S. totals 6.7 million pounds, down 7.6% from last year. Buttermilk stocks at the end of September were 7.4 million pounds, 42.3% lower than a year ago and 6.6% less than a month earlier.

F.O.B. WEST: 1.4400 - 1.5125 MOSTLY: 1.4400 - 1.4700

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are unchanged for the week. Interest is steady to increasing from various international markets, especially with pricing incentives offered through dairy industry organizations. Production and sales scheduling continue to work hand in hand to keep uncommitted dry whole milk inventories at nominal quantities. The October 2012 Dairy Market News average of the range price series for dry whole milk was $1.7323 compared to $1.6324 one month ago and $1.9384 in October 2011.

DAIRY PRODUCTS: NASS's Dairy Products report shows dry whole milk production during September 2012 totaled 4.3 million pounds, down 26.7% from August 2012 but 4.7% higher than September 2011. Cumulative 2012 production totals 45.4 million pounds, a 14.9% decrease from 2011 production during the same time period.

Month ending stocks, at 4.8 million pounds, are 30.1% lower than one month ago and 22.4% lower than one year ago.

F.O.B. PRODUCING PLANT: 1.7000 - 1.8500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
November 2	$1.4672	5,657,768	0
October 26	$1.4610	4,913,965	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

WHEY, WPC 34%, LACTOSE & CASEIN

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Central dry whey prices are slightly higher. This week, market participants learned a Central dry whey plant will cease operations within the next few months. This development raised questions in the marketplace regarding 2013 Central dry whey supplies. Many dry whey buyers indicate trying to become a new customer at another facility is difficult as projected dry whey production is contracted close to 90 – 95% at some of the remaining facilities, leaving a minimal buffer zone to accommodate new customers. Some established buyers from the soon-to-be-closed plant have been offered dry whey from sister operations. Dry whey from those sister operations still needs to be evaluated for functionality for specific customers. Contracting for 2013 is active, especially between manufacturers and end users in the edible marketplace. Those end users express wanting the assurance of having chosen dry whey brands available as needed. Some animal feed dry whey end users, though, seem to have greater concerns about price than steady availability from particular manufacturers. The October 2012 Dairy Market News average of the mostly price series for Central dry whey was $0.5963 compared to $0.5755 one month ago and $0.6054 October 2011. The October 2012 Dairy Market News average of the range price series for ANIMAL FEED Central milk replacer dry whey was $0.5107 compared to $0.4876 one month ago and $0.5224 October 2011. Human food dry whey production during September 2012 in the Central region totaled 34.8 million pounds. This dry whey production is 4.2% lower than one month ago and 4.5% lower than one year ago. Cumulative 2012 human food dry whey production in the Central region totals 346.0 million pounds, a 0.9% decrease from 2011 production during the same time span.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN FOOD dry whey during September 2012 totaled 69.8 million pounds, 5.6% less than August 2012, but 0.8% more than production 1 year ago. September ending stocks of HUMAN FOOD dry whey totaled 39.8 million pounds, 5.8% more than 1 month ago and 1.0% more than September 2011. Production of ANIMAL FEED dry whey during August 2012 totaled 4.2 million pounds, 3.0% more than one month ago, but 44.7% less than the production of September 2011. ANIMAL FEED dry whey month ending stocks totaled 3.0 million pounds, 26.0% more than one month ago but 33.1% less than the stocks of one year ago.

F.O.B. CENTRAL: .6000 - .6400 MOSTLY: .6050 - .6300
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4525 - .6000

DRY WHEY - NORTHEAST

Prices for dry whey increased again this week. The market has seen price increases for 18 consecutive weeks. Production has been limited in recent weeks as many cheese makers were not inclined to increase inventories when CME Group cheese prices were over $2.00. This situation may change with yesterday's declines on the CME Group moving prices below the $2.00 level. Dry whey in the region is moving through contracts with virtually no spot or resale activity. Supplies are tight with some manufacturers lagging behind their contract deliveries. Domestic and export demand are good. Export loads may be delayed, caused by cleanup efforts following the storm, at the port of New York. The market undertone remains firm. The October 2012 Dairy Market News average of the price series for Northeast dry whey was $0.6436 compared to $0.6070 one month ago and $0.6295 in October 2011.

DAIRY PRODUCTS: The latest NASS Dairy Products report shows production of dry whey for human consumption for the nation in September, totaled 69.8 million lbs. The Atlantic region totaled 19.2 million pounds, or 27.4% of the nation's total. The Atlantic area's production is 8.8% less than August, but 19.2% more than production one year ago. The national production total was 5.6% less than the previous month, but 0.8% more than for the same period last year. Further analysis of the Dairy Products data revealed that the Atlantic region's dry whey for human consumption production increase, compared to one year ago, was the only production increase for any region in the nation. Thus, the dry whey for human consumption production increase in the Atlantic region, when compared to the previous year, was solely responsible for the national production increase in dry whey for human consumption.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6450 - .6750

DRY WHEY - WEST

Western dry whey prices are fractionally higher, following recent trends in the market. Spot activity is light as the bulk of current production is tied to contract deliveries. The market is being serviced more from brokers and resellers. Whey production levels are steady in the West. According to the NASS *Dairy Products* report, edible U.S. whey production in September totals 69.8 million pounds, up 0.8% (+0.6 million pounds) from last year. The Western region produced 15.8 million pounds of whey in August, down 5.3% (-0.9 million pounds) from last year. The West produced 22.7% of the whey in the U.S. in September. Cumulative U.S. total dry whey production for the first nine months of the year is 771.2 million pounds, down 0.1% or 0.7 million pounds from the same period in 2011. Manufacturers' stocks at the end of September for edible whey are 39.8 million pounds, up 1.0% from last year. The October 2012 Dairy Market News monthly average price for Western dry whey range was $0.6134 compared to $0.6019 for October 2011; the Western dry whey mostly series averaged $.6139 compared to $.6327 a year ago.

NONHYGROSCOPIC: .6000 - .6475 MOSTLY: .6050 - .6475

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are unchanged to higher. Spot loads are intermittently available from manufacturers, with prices on F.O.B. stocks, based on brand, retaining customary market to spot load price relationships, but a few loads of WPC 34% packaged for the international market did clear through the spot market also, priced slightly below the market. Various market participants indicate the availability of spot sales this week compared to the previous few weeks has tapered off. WPC 34% production is unchanged as farm milk intakes going into cheese production are seasonally steady. The October 2012 Dairy Market News average of the mostly price series for whey protein concentrate 34% Central and West was $1.2283 compared to $1.1862 one month ago and $1.4363 in October 2011.

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WHEY, WPC 34%, LACTOSE & CASEIN

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

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DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during September 2012 totaled 18.2 million pounds, 5.9% less than one month ago and 8.2% lower than production of one year ago. Cumulative WPC 34% HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) production for 2012 totals 181.2 million pounds, 1.5% more than 2011 production during the same time span. Manufacturers' end-of-month stocks of HUMAN AND ANIMAL WPC (25.0 – 49.9% PROTEIN) totaled 32.4 million pounds, 1.3% less than August 2012 but 68.2% more than the stocks of September 2011.

F.O.B. EXTRA GRADE 34% PROTEIN:1.1600 -1.3425 MOSTLY: 1.2000 - 1.2650

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged on the mostly price series, but unchanged to lower on the range series. The market tone is mixed. Spot loads of unground lactose are available from a few manufacturers. Other manufacturers are fulfilling contract load agreements, but do not have extra lactose to send into the spot market. A few manufacturers indicated their contracting for 2013 is complete, with index-based pricing finding favor among manufacturers and buyers. The October 2012 Dairy Market News average of the mostly price series for Central and West lactose was $0.7850 compared to $0.8250 one month ago and $0.7503 in October 2011.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows HUMAN and ANIMAL lactose production during September 2012 increased 1.3% compared to August 2012 to 86.7 million pounds and increased 4.6% compared to September 2011 production. Cumulative 2012 lactose production totals 779.5 million pounds, 3.9% more than during the same time span in 2011. Month ending stocks, at 82.7 million pounds, are 2.3% less than one month ago but 18.9% higher than one year ago.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL.7000 - .9300 MOSTLY: .7500 - .8200

CASEIN - NATIONAL

Casein markets and prices remain generally steady. Domestic buyers are indicating that they are getting their contracted volumes as anticipated, although some Europeans sourced product is having challenges entering the states, especially if coming into the country through eastern Superstorm Sandy impacted ports. The European production season has ended, thus stocks from this region are coming from inventoried supplies. The Oceania production season is well underway and is maintaining an active level of production. Milk volumes are basically plateauing at high levels, although easing slightly from peak levels. Casein manufacturers are hopeful that milk volumes will maintain this level for the foreseeable future.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	3.7000 - 4.4000
ACID:	4.4500 - 4.7500

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS EFFECTIVE NOVEMBER 1, 2009

BUTTER Bulk $1.05 per pound; CHEESE 40# Blocks $1.13 per pound; 500# Barrels $1.10; NONFAT DRY MILK $.80 per pound

The CCC Purchase table will no longer be shown unless purchases occur. Last CCC purchase: October 2009.

U.S. Dairy Cow Slaughter (000 head) under Federal Inspection & Comparable Week 2011

WEEK ENDING	WEEKLY DAIRY COWS	2012 CUMULATIVE DAIRY COWS	2011 WEEKLY DAIRY COWS	2011 CUMULATIVE DAIRY COWS
10/20/2012	62.6	2,477.1	56.7	2,320.3

WEBSITE: http://www.ams.usda.gov/mnreports/sj_ls714.txt
SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77

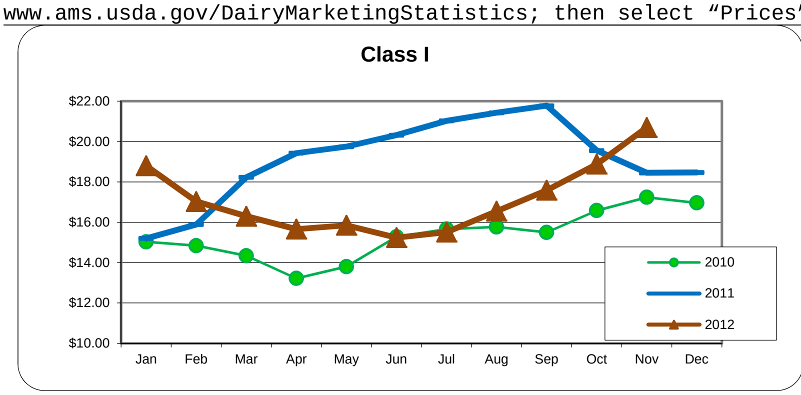
CLASS IV MILK PRICES (3.5% BF)

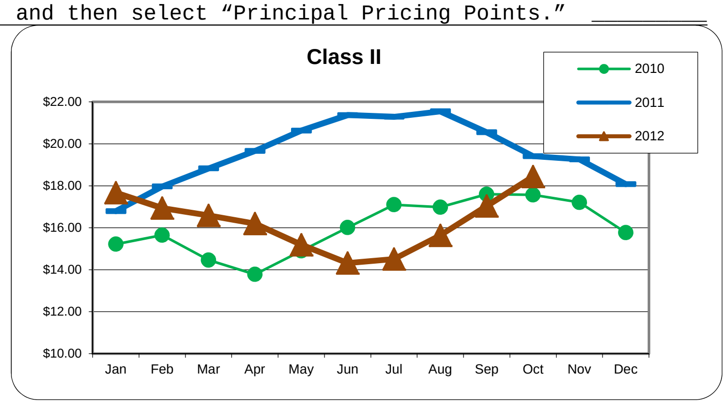
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87

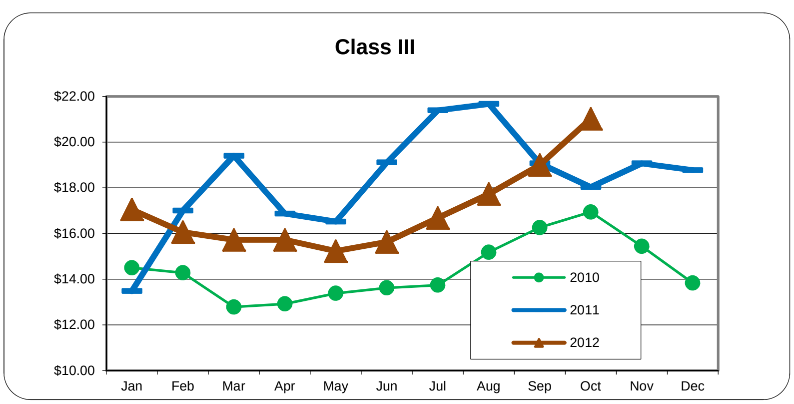
FEDERAL MILK ORDER CLASS PRICES FOR 2012 (3.5%)

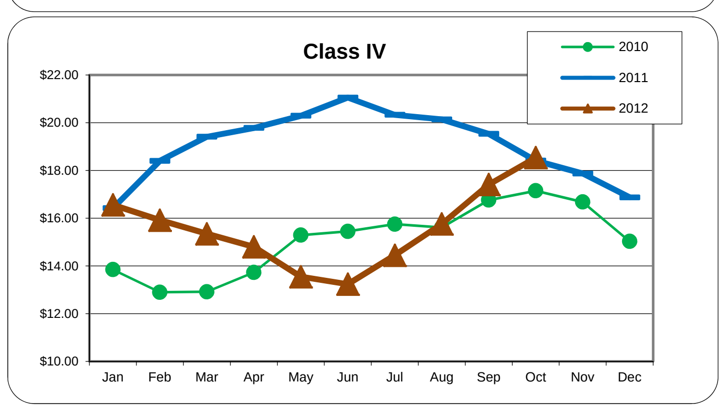
CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.80	17.03	16.30	15.66	15.85	15.24	15.51	16.55	17.59	18.88	20.70	
II	17.67	16.94	16.59	16.20	15.19	14.32	14.51	15.64	17.04	18.44		
III	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02		
IV	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76	17.41	18.54		

1/ Specific order differentials to be added to this base price can be found by going to: www.ams.usda.gov/DairyMarketingStatistics; then select "Prices"; and then select "Principal Pricing Points."









INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered October29 - November 9, 2012

Prices are U.S. $/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN OVERVIEW: Milk production in Western Europe continues to decline, but for the most part, milk output is at the bottom of the seasonal cycle. Milk handlers are stating that milk supplies are snug and dairy product manufacturers are gearing their production schedules to the limited supply of milk. In most instances, liquid milk is the most active product at this time with minimal drying occurring. Drinking milk is absorbing a significant portion of available milk supplies with the balance clearing to other needs in a liquid or condensed form. Cream volumes are tight and actively being sought for fresh product needs. Much of this need is for upcoming holiday cream based products. Overall supplies of manufactured dairy products in Europe are tightening. Traders and handlers are indicating that often firm prices are limiting international sales activity, with most sales centered around an internal or domestic market. Prices are mixed, but a weaker Euro against the U.S. dollars is easing some prices. PSA butter continues to re-enter the marketplace. Since mid-August, nearly half (about 65,000 MT) of PSA butter has been removed from the program. This leaves about 70,000 MT in the program as of late October. Traders and handlers feel that about 5% per week re-enters the marketplace. Disposition of these volumes has generally been predetermined thus the impact to current markets is minimally felt. Many are stating that at least with these volumes returning to the marketplace, limited supplies of fresh or other storage butter is not being sought to fill needs, which would further tighten butter supplies.

BUTTER/BUTTEROIL: European butter markets and prices are firm. Cream and butterfat is tight in Europe as the milk production season comes to an end. Fresh butter production is limited. Much of the cream demand is coming from cream based holiday item product production for the upcoming yearend holiday period. PSA butter continues to return to the marketplace. Since mid-August, about half (65,000MT) of PSA butter has returned to the marketplace leaving about 70,000MT in the program as of late October. Much of this butter has been predisposed, thus is having a minimal, if any, negative impact on current markets. Many traders and handlers are stating that at least with PSA butter meeting some needs, competition for declining commercial butter stocks may not be as strong.

82% BUTTERFAT:	4,175 - 4,550
99% BUTTERFAT:	4,825 - 5,250

SKIM MILK POWDER (SMP): Skim milk powder markets and prices remain firm, although prices did ease. Much of the weakness is being attributed to currency conversions versus supply/demand. Traders and handlers are reporting that powder stocks are being sought for longer term needs versus spot at this time. Those manufacturers that have speculative stocks are managing those stocks with caution. Butter/powder production is at seasonally low levels as milk volumes for this need are very limited. A recent dairy product tender will be sourcing skim milk powder stocks from Europe during the next few months, thus successful bidders are preparing shipments from now through March 2013.

1.25% BUTTERFAT:	3,375 - 3,575

SWEET WHEY POWDER: European whey powder markets and prices remain firm, although prices did ease slightly on the top end of the reported range. Much of current weak price trends are being attributed to currency conversions (weaker Eruo against the U.S. dollar) and not supply/demand driven. For the most part, whey powder stocks are in balance with current needs which are centered around an internal market. The milk production season is nearing seasonally low levels, thus cheese production is also minimal, further limiting fresh whey supplies. Cheese production during the upcoming winter months will be minimal, but good winter cheese sales are being reported.

NONHYGROSCOPIC:	1,225 - 1,400

WHOLE MILK POWDER (WMP): Whole milk powder markets are firm although prices are steady to slightly lower. Easing prices are being attributed to currency conversions versus supply/demand conditions. Fresh whole milk powder production is limited as milk volumes are at or very near seasonally low levels. Stocks of whole milk powder in Europe are available although often priced higher than international buyers are willing to pay, thus sales activity is centered around internal or domestic needs. Much of a recent international dairy product tender seeking whole milk powder will be filled outside of Europe.

26% BUTTERFAT:	3,725 - 3,925

EASTERN OVERVIEW: Milk production in Eastern Europe is also basically at or very near low seasonal levels. Cooler weather patterns are being reported in more regions, thus the milking herd is now basically sheltered in winter housing. Feed stocks are available, although quality will often be a negative factor in winter feeding rations. Traders and handlers are indicating that manufactured dairy product stocks in Eastern Europe are tightening and often filling internal or domestic needs only. Sales activities are slowing, especially from international buyers.

Exchange rates for selected foreign currencies: November 5, 2012

1.0037 Canadian Dollar	.0183 Indian Rupee
.2095 Argentina Peso	.8252 New Zealand Dollar
.0767 Mexican Peso	1.0365 Australian Dollar
.3112 Polish Zloty	.0124 Japanese Yen
	1.2796 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0767) = 13.0.78 Mexican Pesos.

Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered October 29 - November 9, 2012

Prices are U.S. $/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

OVERVIEW: The milk production season is holding at high seasonal levels in both New Zealand and Australia. New Zealand milk producers and handlers are indicating that the peak was probably two weeks ago, with overall volumes trending slightly lower, but generally maintaining a high level. Many milk handlers are speculating that the peak was slightly higher than last year. Weather conditions on both the North and South Islands are conducive to positive milk output trends, but many producers continue to be concerned about a potential El Nino weather pattern later this season. This trend could greatly impact current positive trends. Producers had a very positive season last year and thus far this year, but dry/ lack of moisture conditions would quickly turn things around. At this point though, milk handlers remain very optimistic about the upcoming season and continue to anticipate a 3 - 4% growth pattern over 2 years ago which would be a few percentage points lower than the very positive season last year. In Australia, the milk production season is basically at peak levels with some Victoria regions recording very positive growth while other regions continue to struggle with excessive moisture. Northern Victoria continues to lead the way with output running nearly 8% ahead of last year at this time, while the Gippsland region experienced a 4.4% September decline when compared to a year ago with cumulative volumes running 2% behind last year. Peak milk output in Australia is comparable with last year, but overall, milk volumes are running 2% stronger than last year at this time. Manufacturing facilities in both New Zealand and Australia are at or very near capacity levels with milk processors and handlers indicating that with some shifting, milk volumes are being processed in a timely and orderly manner. Stocks of manufactured dairy products are readily available for contractual needs and some uncommitted volumes at this peak time of the season are being reported. Average prices at the latest g/DT auction on November 6 were generally higher with the exception of whole milk powder. Although the whole milk powder price average declined from the previous event, various contracting period averages are all within current commercial price ranges. New Zealand sourced whole milk powder was offered for contract #1 for the first time. Many feel that this offer was due to the fact that the Oceania region is at peak production, thus whole milk powder volumes are available. The next event, #80 will be held on Tuesday, November 20.

BUTTER: Oceania butter markets and prices are generally holding steady. Churns are running at or very near capacity in Oceania regions. Butterfat tests on incoming milk are generally positive in both New Zealand and Australia with the exception of some Western Victoria volumes which are reported to have lighter butterfat levels. Overall, current churning schedules are keeping pace with demand and often butter producers are indicating that they have some uncommitted volumes of butter. At this time of the season, this is a common trend for manufactured dairy products to be surplus and unspoken for. Manufacturers and handlers often do not factor this situation into their supply/commitment equation and are pleased that the situation is occurring again this year and are hoping that milk volumes remain at a high level for an extended period of time. Manufacturers and handlers indicate that this is an opportunistic time to generate some cushion stocks for future use.

82% BUTTERFAT:	3,000 - 3,500

SKIM MILK POWDER (SMP): Skim milk powder markets and prices in the Oceania region are generally steady, although the upper end of the reported price range eased slightly. The overall tone to the market remains firm. Powder production is seasonally strong as milk volumes are generally at the highest point of the current production season. Milk production trends are holding steady at high levels, thus drying schedules are also seasonally high. Manufacturers and handlers are hopeful that milk volumes will remain positive for an extended period of time as this provides an additional cushion to their supply situation going into the down side of the production year. An El Nino weather pattern continues to be discussed for the region which could greatly impact milk and powder availability during upcoming months.

1.25% BUTTERFAT:	3,200 - 3,500

CHEDDAR CHEESE: Cheese markets and prices are holding steady at firm levels in the Oceania region. Cheese vats are at or very near capacity levels throughout New Zealand and Australia as milk volumes are at seasonally high levels. Overall milk output has plateaued at high levels with cheese producers hopeful that this trend continues for the foreseeable future. Cheese handlers and traders are indicating that cheese output is on track with needs and shipments to international markets are occurring as projected. Some traders are stating that second half sales negotiations will soon start or already are underway. Many traders are more cautious with their supply commitment for the second half of the season as milk and cheese output during this period are unknown. Talk of an El Nino weather pattern in the region could greatly impact milk production, thus cheese output.

39% MAXIMUM MOISTURE:	3,800 - 4,100

WHOLE MILK POWDER (WMP): Oceania whole milk powder markets and prices are steady to firm. Commercial prices are firm, although prices eased at the November 6th g/DT event. Although g/DT price averages eased, contract averages are within the reported price range. Many traders and handlers were not surprised at the declines recorded at the most recent g/DT as many felt that the strength of two weeks ago was quite aggressive. Drying schedules are strong as milk volumes are holding steady at seasonally high levels. Most powder operations are running as much milk as possible through the drier at this time as whole milk powder is a significant item in most Oceania sales portfolios. Some Oceania whole milk producers were recently successful with a recent international whole milk powder tender and are now aligning production schedules and commitments to meet this need.

26% BUTTERFAT:	3,250 - 3,500

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered October 29 - November 9, 2012

Prices are U.S. $/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

	Global/Dairy Trading (g/DT) Event 79 Recap - November 6, 2012													
US$/MT	Contract 1 Dec-12		Contract 2 Jan-13		Contract 3 Feb-13		Contract 4 Mar-13		Contract 5 Apr-13		Contract 6 May-13		All Contracts	
Anhydrous Milk Fat		n.a.	$2,965	9.4%	$3,034	5.4%	$3,045	2.1%	$3,063	0.8%	$3,318	2.0%	$3,026	5.3%
Buttermilk Powder		n.a.	$3,510	7.3%		n.a.		n.a.		n.a.		n.a.	$3,510	7.3%
Cheddar		n.a.	$2,935	-1.8%	$3,034	1.7%	$3,219	7.2%		n.a.		n.a.	$3,037	2.5%
Lactose		n.a.		n.a.	$2,026	1.0%	$2,010	n.a	$2,017	n.a.		n.a.	$2,018	1.0%
Milk Protein Concentrate		n.a.	$6,155	1.7%	$6,140	-0.5%	$6,185	-0.1%		n.a.		n.a.	$6,159	0.5%
Rennet Casein		n.a.	$7,984	9.8%	$7,829	8.8%	$7,905	8.2%		n.a.		n.a.	$7,912	9.0%
Skim Milk Powder	$3,497	6.0%	$3,450	4.4%	$3,445	3.9%	$3,447	2.0%	$3,401	0.4%		n.a.	$3,449	3.9%
Whole Milk Powder	$3,448	n.a.	$3,335	-3.2%	$3,299	-2.8%	$3,359	0.9%	$3,416	-1.8%	$3,476	-1.8%	$3,352	-2.5%

Average price US$/MT and % change in indices from previous event.

	Global/Dairy Trading (g/DT) Event 79 Recap - November 6, 2012													
US$/Pound	Contract 1 Dec-12		Contract 2 Jan-13		Contract 3 Feb-13		Contract 4 Mar-13		Contract 5 Apr-13		Contract 6 May-13		All Contracts	
Anhydrous Milk Fat		n.a.	$1.3449	9.4%	$1.3762	5.4%	$1.3812	2.1%	$1.3894	0.8%	$1.5050	2.0%	$1.3726	5.3%
Buttermilk Powder		n.a.	$1.5921	7.3%		n.a.		n.a.		n.a.		n.a.	$1.5921	7.3%
Cheddar		n.a.	$1.3313	-1.8%	$1.3762	1.7%	$1.4601	7.2%		n.a.		n.a.	$1.3776	2.5%
Lactose		n.a.		n.a.	$0.9190	1.0%	$0.9117	n.a	$0.9149	n.a.		n.a.	$0.9154	1.0%
Milk Protein Concentrate		n.a.	$2.7919	1.7%	$2.7851	-0.5%	$2.8055	-0.1%		n.a.		n.a.	$2.7937	0.5%
Rennet Casein		n.a.	$3.6215	9.8%	$3.5512	8.8%	$3.5857	8.2%		n.a.		n.a.	$3.5889	9.0%
Skim Milk Powder	$1.5862	6.0%	$1.5649	4.4%	$1.5626	3.9%	$1.5635	2.0%	$1.5427	0.4%		n.a.	$1.5645	3.9%
Whole Milk Powder	$1.5640	n.a.	$1.5127	-3.2%	$1.4964	-2.8%	$1.5236	0.9%	$1.5495	-1.8%	$1.5767	-1.8%	$1.5205	-2.5%

Average price US$/pound and % change from previous event.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	10/25	10/26	10/29	10/30	10/31	11/01	11/02	11/05	11/06	11/07
CME - CLASS III MILK FUTURES (Pit-Traded)										
OCT 12	21.04 (5535) 0	21.03 (5633) 0	21.03 (5634) 0	21.05 (5645) 0	21.02 (5108) 0					
NOV 12	21.04 (5085) 279	21.13 (5162) 0	20.86 (5086) 0	20.97 (5068) 57	21.06 (5029) 20	21.10 (5221) 10	21.20 (5197) 0	21.19 (5192) 0	21.27 (5186) 1	20.76 (5240) 0
DEC 12	20.43 (4797) 270	20.28 (4847) 0	19.97 (4873) 0	20.08 (4905) 2	20.16 (4972) 48	20.25 (5013) 14	20.40 (5109) 0	20.42 (5275) 0	20.47 (5288) 2	19.82 (5345) 0
JAN 13	19.58 (1972) 0	19.50 (1987) 0	19.29 (1990) 0	19.39 (2029) 0	19.43 (2040) 0	19.46 (2037) 0	19.46 (2083) 0	19.45 (2119) 0	19.45 (2204) 0	18.96 (2271) 5
FEB 13	19.32 (1612) 0	19.26 (1610) 0	19.00 (1630) 0	19.05 (1643) 0	19.04 (1649) 0	19.08 (1671) 0	19.10 (1684) 0	19.03 (1693) 0	19.03 (1726) 0	18.80 (1800) 5
MAR 13	19.00 (1355) 0	18.99 (1363) 0	18.85 (1382) 0	18.93 (1391) 0	18.85 (1400) 0	18.83 (1405) 0	18.97 (1406) 0	18.95 (1410) 0	18.94 (1410) 0	18.76 (1415) 5
APR 13	18.94 (1044) 0	18.85 (1043) 0	18.83 (1053) 0	18.89 (1061) 0	18.81 (1066) 0	18.79 (1069) 0	18.95 (1073) 0	18.91 (1078) 0	18.94 (1079) 0	18.83 (1092) 5
MAY 13	18.67 (981) 0	18.66 (982) 0	18.62 (998) 0	18.69 (998) 0	18.74 (1020) 0	18.75 (1016) 0	18.78 (1018) 0	18.78 (1022) 0	18.80 (1023) 0	18.71 (1034) 5
JUN 13	18.65 (927) 0	18.60 (932) 0	18.57 (939) 0	18.65 (940) 0	18.62 (951) 0	18.62 (952) 0	18.65 (953) 0	18.65 (955) 0	18.65 (956) 0	18.58 (966) 5
JUL 13	18.60 (686) 0	18.57 (693) 0	18.57 (701) 0	18.63 (710) 0	18.62 (710) 0	18.57 (710) 0	18.55 (715) 0	18.55 (715) 5	18.55 (715) 0	18.46 (699) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
OCT 12	18.55 (126) 0	18.55 (126) 0	18.55 (126) 0	18.55 (126) 0	18.54 (106) 0					
NOV 12	18.65 (134) 0	18.65 (134) 0	18.65 (134) 0	18.65 (134) 0	18.72 (134) 0	18.72 (134) 0	18.72 (134) 0	18.72 (134) 0	18.72 (134) 0	18.72 (134) 0
DEC 12	18.60 (164) 0	18.60 (164) 0	18.60 (164) 0	18.60 (164) 0	18.60 (164) 0	18.60 (164) 0	18.60 (164) 0	18.60 (164) 0	18.60 (164) 0	18.60 (164) 0
CME – CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
OCT 12	191.00 (770) 0	191.00 (770) 0	191.00 (797) 0	191.00 (797) 0	191.68 (794) 0					
NOV 12	183.50 (804) 6	183.50 (804) 0	185.00 (804) 0	185.00 (804) 0	186.00 (804) 0	187.00 (804) 0	186.75 (804) 0	186.50 (810) 6	186.50 (814) 4	186.50 (814) 1
DEC 12	173.00 (710) 6	172.50 (710) 0	172.50 (710) 0	171.75 (764) 56	172.35 (775) 15	172.50 (776) 2	172.00 (778) 3	171.98 (778) 0	172.00 (782) 6	172.00 (783) 1
CME – NONFAT DRY MILK FUTURES (Pit-Traded)										
OCT 12	147.03 (312) 0	146.43 (312) 0	146.43 (312) 0	146.43 (312) 0	146.36 (346) 0					
NOV 12	152.98 (242) 0	152.98 (242) 0	151.50 (243) 0	151.50 (242) 0	151.53 (242) 0	151.60 (239) 0	151.75 (239) 0	151.75 (239) 0	152.00 (239) 0	152.00 (239) 0
DEC 12	157.00 (216) 0	155.75 (216) 0	155.75 (216) 0	155.75 (216) 0	155.50 (214) 0	155.50 (211) 0	155.50 (211) 0	155.50 (211) 0	155.55 (211) 0	155.55 (216) 0
CME – WHEY (Electronic-Traded)										
OCT 12	61.98 (286) 0	61.98 (286) 0	61.98 (286) 0	61.98 (286) 0	62.05 (252) 0					
NOV 12	62.03 (225) 4	62.60 (224) 1	62.00 (227) 3	62.00 (227) 0	62.00 (230) 5	62.98 (230) 1	62.95 (229) 2	63.08 (230) 5	63.25 (229) 2	63.25 (229) 2
DEC 12	62.73 (295) 0	63.45 (296) 3	63.45 (296) 0	63.45 (296) 0	63.23 (302) 15	63.78 (301) 3	63.78 (301) 0	63.60 (306) 5	62.63 (307) 13	63.00 (307) 9
CME – CHEESE CSC (Electronic-Traded)										
OCT 12	2.05 (1252) 3	2.05 (1252) 0	2.05 (1252) 0	2.05 (1252) 0	2.05 (1065) 0					
NOV 12	2.05 (1192) 7	2.06 (1192) 1	2.04 (1195) 5	2.04 (1195) 0	2.06 (1192) 3	2.06 (1192) 0	2.06 (1177) 16	2.06 (1177) 0	2.07 (1177) 0	2.02 (1177) 10
DEC 12	2.00 (1244) 14	1.99 (1247) 4	1.95 (1246) 9	1.95 (1246) 0	1.96 (1244) 3	1.96 (1252) 22	1.99 (1258) 13	1.99 (1260) 5	1.99 (1257) 24	1.93 (1307) 54
JAN 13	1.91 (310) 15	1.91 (310) 0	1.90 (317) 7	1.90 (317) 0	1.91 (318) 2	1.91 (355) 52	1.92 (355) 7	1.91 (373) 19	1.91 (384) 38	1.87 (414) 40
FEB 13	1.88 (188) 5	1.88 (188) 0	1.88 (189) 5	1.88 (189) 0	1.88 (195) 9	1.87 (197) 14	1.88 (197) 4	1.88 (197) 1	1.88 (199) 2	1.86 (206) 10
MAR 13	1.86 (159) 5	1.86 (159) 0	1.86 (176) 21	1.86 (177) 1	1.86 (177) 1	1.86 (188) 15	1.87 (189) 2	1.87 (199) 10	1.87 (208) 15	1.86 (216) 10

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-278-4142.)

SEPTEMBER MILK SALES

During September, 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 5.2 percent lower than September 2011. After adjusting for calendar composition, sales in September 2012 were 1.5 percent lower than September 2011. Estimated sales of total conventional fluid milk products decreased 5.2 percent from September 2011 and estimated sales of total organic fluid milk products decreased 4.5 percent from a year earlier.

Editor's Note: Additional data can be found at http://www.ams.usda.gov/AMSv1.0/FluidMilkSalesDataMonthlyandYeartoDate.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, SEPTEMBER 2012, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	September	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,061	10,003	-4.9	-2.2
Flavored Whole Milk	44	375	5.6	-3.0
Reduced Fat Milk (2%)	1,429	13,331	-4.6	-1.9
Low Fat Milk (1%)	597	5,331	-4.0	1.5
Fat-Free Milk (Skim)	581	5,460	-9.9	-5.9
Flavored Fat-Reduced Milk	363	2,720	-4.0	-1.5
Buttermilk	37	351	-6.0	0.4
Total Conventional Milk Products 5/	4,117	37,602	-5.2	-2.0
Organic Whole Milk	44	402	7.6	9.5
Organic Reduced Fat Milk	51	467	-4.9	6.9
Organic Low Fat Milk	37	342	-5.6	9.5
Organic Fat-Free Milk (Skim)	35	328	-11.3	-5.3
Organic Flavored Milk	5	53	-27.5	-26.1
Organic Fat-Reduced Milk 3/	129	1,195	-8.0	0.3
Total Organic Milk Products	174	1,597	-4.5	2.4
Total Fluid Milk Products 4/	4,291	39,199	-5.2	-1.8
Total Fluid Milk Products Adjusted 4/ 5/	4,404	39,305	-1.5	-1.5

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; 3/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous milk products combined. 4/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 5/ Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELDEV3023272 Report contact: Daniel Manzoni, Daniel.manzoni@ams.usda.gov or 202-720-2352

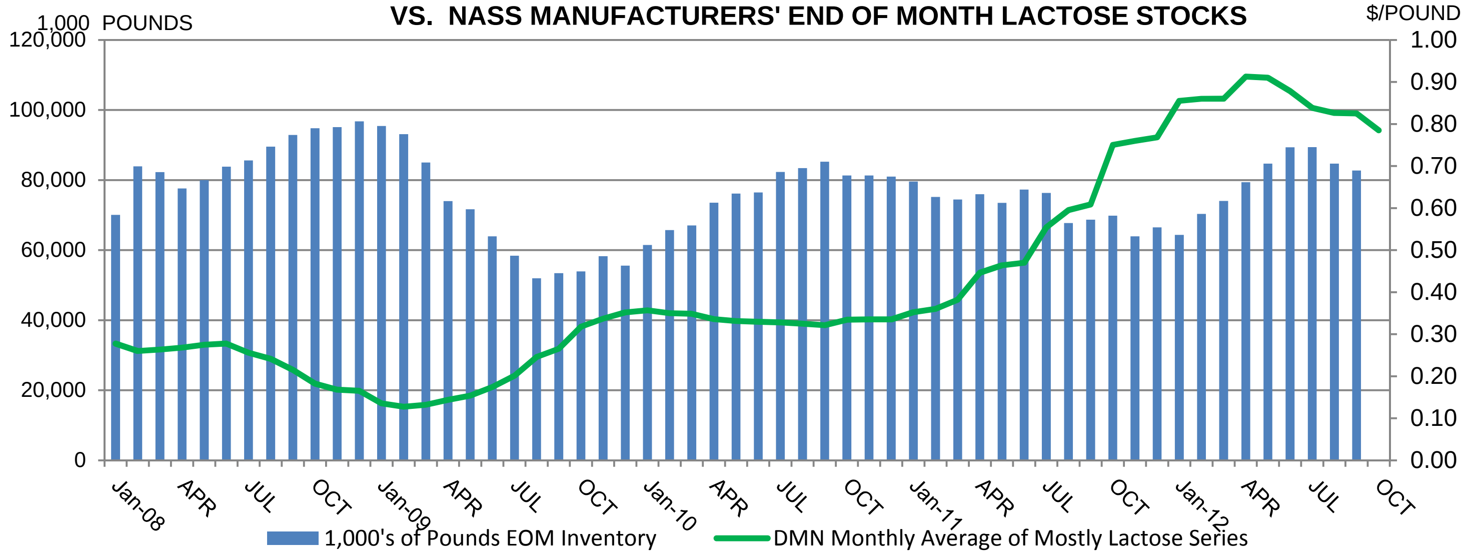
PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS AND CALIFORNIA, SEPTEMBER 2012, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	September	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	730	6,673	-5.3	-1.3
Appalachian (005)	284	2,607	-5.7	-2.3
Southeast (007)	391	3,548	-6.2	-2.9
Florida (006)	223	2,129	-4.7	-1.6
Mideast (033)	480	4,342	-5.8	-2.2
Upper Midwest (030)	330	3,054	-7.9	-2.8
Central (032)	370	3,351	-4.5	-0.4
Southwest (126)	366	3,293	-3.6	-0.8
Arizona (131)	94	859	-3.2	-2.2
Pacific Northwest (124)	177	1,619	-4.3	-1.3
California (---)	505	4,589	-4.0	-2.4

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 5/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis.

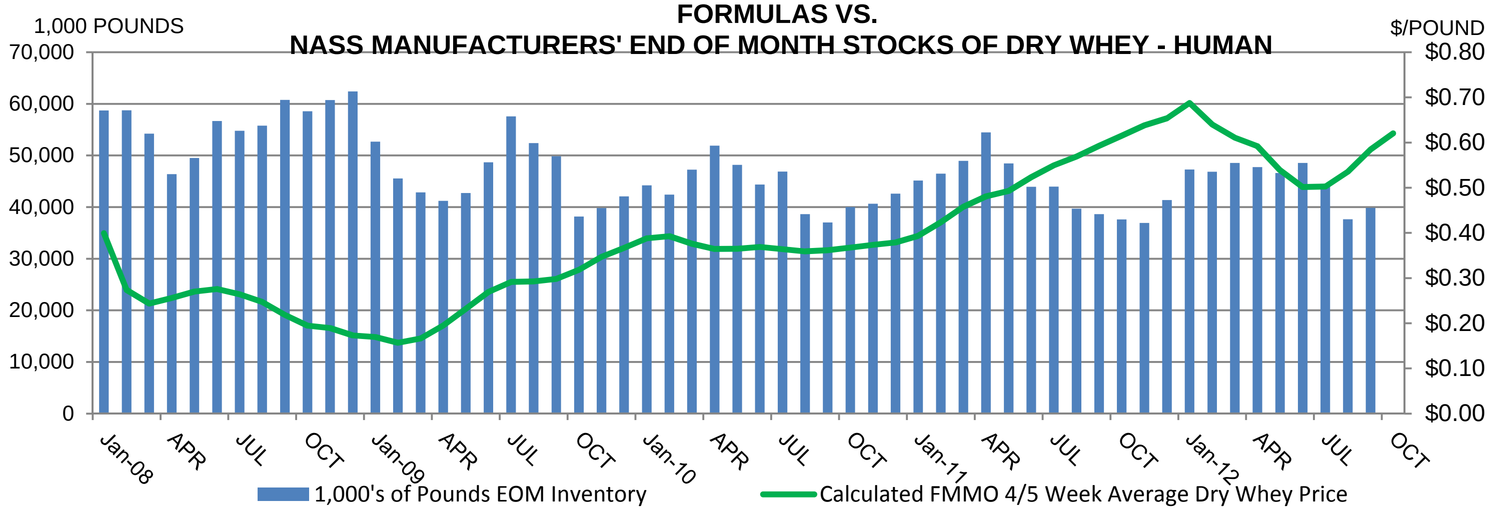
Source: U.S. Department of Agriculture. California Department of Food and Agriculture. Milk Stabilization Branch. *California Dairy Information Bulletin, September 2012*.

DMN LACTOSE MONTHLY AVERAGE OF MOSTLY PRICE SERIES VS. NASS MANUFACTURERS' END OF MONTH LACTOSE STOCKS



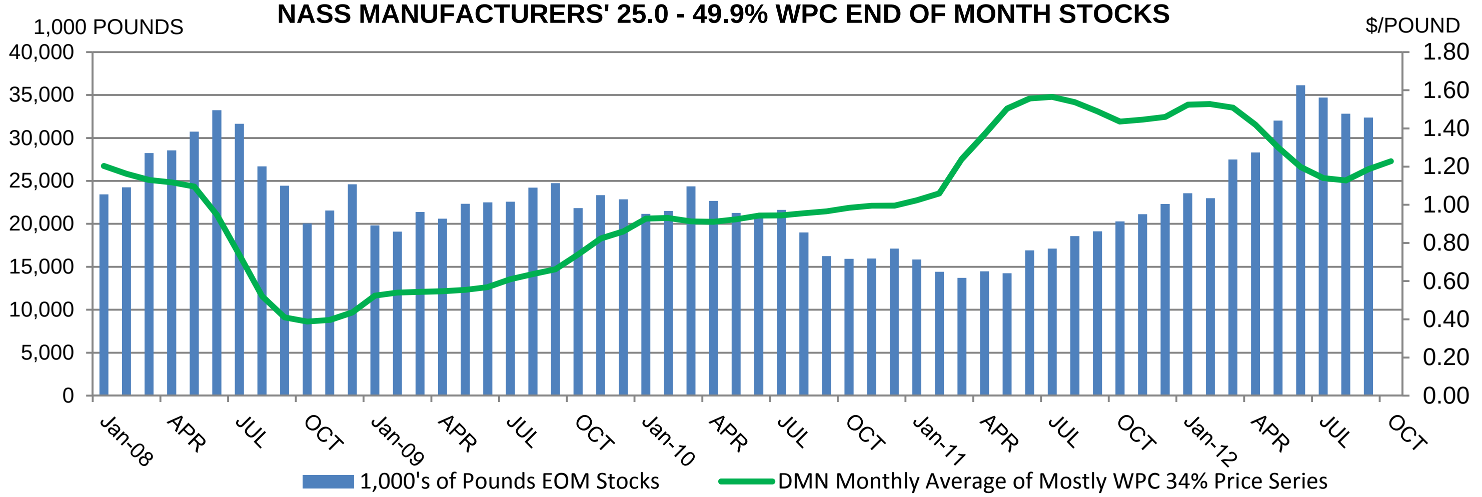
DATA SOURCE, USDA, NASS & AMS, DMN; GRAPH, USDA, AMS, DMN

4-5 WEEK AVERAGE DRY WHEY PRICES FROM FMMO CALCULATED MILK PRICE FORMULAS VS. NASS MANUFACTURERS' END OF MONTH STOCKS OF DRY WHEY - HUMAN



DATA SOURCE, USDA, NASS & AMS, MIB; GRAPH, USDA, AMS, DMN

DMN MONTHLY AVERAGE OF WPC 34% MOSTLY PRICE SERIES VS. NASS MANUFACTURERS' 25.0 - 49.9% WPC END OF MONTH STOCKS



DATA SOURCE, USDA, NASS & AMS, DMN; GRAPH, USDA, AMS, DMN

DAIRY MARKET NEWS

GENERAL NUMBER
(608)278-4200

Elizabeth Frederick
(608) 278-4150
Elizabeth.Frederick@AMS.USDA.GOV

EAST
Rick Whipp
(608) 278-4151
Rick.Whipp@AMS.USDA.GOV

CENTRAL/WEST
Janet Linder
(608) 278-4157
Janet.Linder@AMS.USDA.GOV

SOUTHWEST
Butch Speth
(608) 278-4152
Butch.Speth@AMS.USDA.GOV

NORTHWEST/MOUNTAIN
Bob Hunter
(608) 278-4158
Robert.Hunter@AMS.USDA.GOV

NATIONAL SUPERVISOR
Donald Nelson
(608) 278-4156
DonaldO.Nelson@AMS.USDA.GOV

VOLUME: 79

REPORT: 45

DATE: 11/09/2012

INTERNATIONAL
Steven Schneeberger
(608) 278-4154
Steven.Schneeberger@AMS.USDA.GOV

ORGANIC
Eric Graf
(608) 278-4153
Eric.Graf@AMS.USDA.GOV

INTERNET ADDRESS

www.ams.usda.gov/DairyMarketNews

MARKET NEWS PORTAL

www.marketnews.usda.gov

RECORDED INFORMATION SYSTEM
(608) 278-4142

FAX
(608) 278-4141

USDA, Dairy Market News
2920 Marketplace Drive, STE 202
Fitchburg, WI 53719-5337